

INFORMATION SHEET No. #2
APPLYING FOR THE PIT BUYBACK FOR
SERVICE OVERSEAS DURING 1989-1998

UPDATE ON THE PIT BUYBACK

1. The PIT Buyback Legislation **is limited to service overseas between January 1, 1989 to May 23, 1998**. Applicants who have periods of service other than during that specific timeframe need to file a separate application. Separate applications to make service credit payment may be submitted at the same time.
2. Service under a PIT appointment is creditable for retirement purposes, but employment under a PSC (Personal Services Contract) is not.
3. It is extremely important to attach any SF-50s required to document service during the prescribed period to the application form. In addition to SF-50s, please also attach any changes in your salary shown on earnings and leave statements, if available.
4. Please check the SF-50s before submission to ensure that during the period of employment, retirement deductions were not being made. You can determine this by checking Box #30 of the form that indicates retirement plan. If the box shows "2. FICA" only Social Security deductions were made. If the box shows "K. FERS and FICA" or "P. FSPS and FICA," then retirement deductions were made.
5. Please note that applicants who are enrolled under the Foreign Service Pension Program (FSPS) rather than the Federal Employment Retirement System (FERS) must submit a DS 5001 instead of the SF-3108. The DS 5001 is available on-line at [RNet, Forms](#).
6. Be sure to send the completed application(s) and accompanying documents to HR/RET, Room H-620, SA-1, Washington, DC 20522. Please direct all questions to HR/RET (RETServices@state.gov).

[Please include your e-mail address with your application package.](#)

COST/BENEFITS ANALYSIS

COST

Under the PIT Buyback, the employee contribution is the same as if the employee had been eligible to contribute to the Federal Employees Retirement System (FERS). The employee deduction under FERS was less than one per cent throughout this period.

Example: An employee's salary under a PIT appointment in 1990 was \$25,000 PA on a part-time work schedule of 32 hours per week. Actual earnings for the year were \$20,000. Under the PIT Buyback, the employee contribution would be \$160. Adding compound interest up to year 2005, the estimated amount the employee would owe to purchase service credit for 1990 would be approximately \$431.66.

BENEFITS

The FERS annuity is based on the high three average salary multiplied by the years of service. Under FERS the employee earns one percent of the high three average for each year of service.

Example: Assuming that the employee's salary has increased over the years of PIT employment, the increase in the annuity will be correspondingly higher. If the high three average salary is \$35,000, the annuity will be \$350 higher for each additional year of service. In this case, the employee will have recouped the cost of the payback in less than two years.

IS IT WORTH IT?

Would it ever *not* be in the employee's interest to participate in the buyback program? Yes, if he/she has not earned the minimum service required to qualify for an annuity.

Most employees will benefit from a higher annuity for life if they purchase additional credit toward retirement. The enhanced annuity creates a higher base upon which cost of living allowances (COLAs) are calculated. In some cases, the additional service under the PIT Buyback will mean that an employee can qualify to retire at an earlier age.

If an employee needs the additional service credit to meet the minimum qualification requirements for an annuity, the obvious benefit is receipt of an annuity for the rest of the employee's life. The minimum service for an annuity under FERS and FSPS is five years. Age requirements are different in the two systems.

Please check the age and years of service requirements for retirement under FERS and FSPS available on <http://www.RNet.state.gov>.